

Savills Property Price Index (SPPI)

May 2017

Residential Index

The Savills residential index increased significantly over 2016 due to an abundance of mid-and high-end supply. However, it started to slow in Q1/2017 to 92 points, unchanged quarter-on-quarter (QoQ), and up 1 point year-on-year (YoY).

After a five-year high in Q4/2016, total sales decreased -13% QoQ in Q1/2017. The average absorption rate decreased -1 ppt QoQ due to low Grade A and B performance. Transaction volumes decreased -35% QoQ for Grade B and -50% for Grade A. Grade C continued to perform well, accounting for 62% of total sales and a 10% QoQ increase.

Western districts 6, 8, Tan Phu and Binh Tan are upcoming development areas focused on the Grade C segment. A large available land bank and infrastructure improvements are the key drivers for these areas.

Office Index

In Q1/2017, the Office Index was at 87, up 1 point QoQ and 3 points YoY. The QoQ improvement was from a 1% QoQ rent increase. Occupancy was up 2 pts YoY and average rents up 2% YoY.

CBD occupancy was 97%, stable QoQ but up 1 ppt YoY. Average rent was up 1% QoQ and 2% YoY, due to limited stock and high demand. The CBD index rose 1 point QoQ and 3 points YoY.

In the non-CBD index an increase in occupancy was the main reason for the 1 ppt QoQ and 3 pts YoY gains.

In Q1/2017, total office take-up was 4,400 m², down -65% QoQ and -83% YoY due to limited vacancy. According to Savills' office forecasting model, the prime office market is still in the lessor's favour with rent forecast to increase 7% in 2017. However, performance will be negatively affected by the entrance of two large-scale projects in mid 2017.

FIGURE 1
Residential QoQ Index

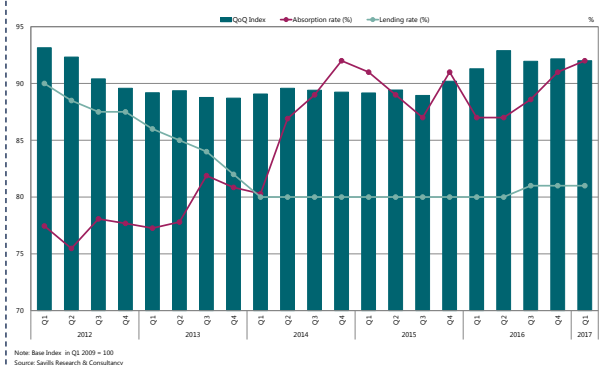
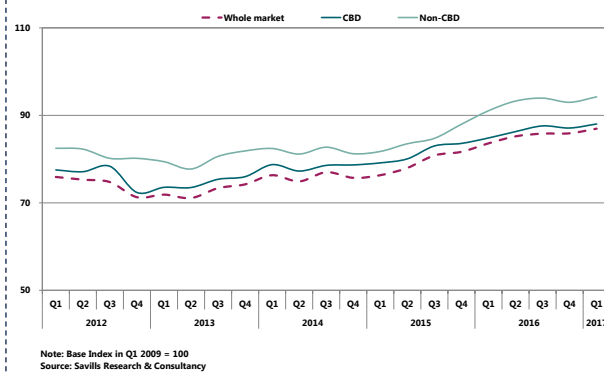


FIGURE 2
Office QoQ Index



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